

NEED TO KNOW

Review Number Four



Local Government
Knowledge Navigator

The Levers of Local Economic Development

A Local Government Knowledge Navigator
Evidence Review

Sam Baars

May 2014



Local Government
Knowledge Navigator

THE NEED TO KNOW SERIES

This evidence review on 'The Levers of Local Economic Development' is part of the 'Need to Know' series which has been commissioned by the Local Government Knowledge Navigator.

'Need to Know' reports are summaries of available research-derived knowledge and evidence relevant to topics that have been identified to the Knowledge Navigator as priorities by local government. They:

- Highlight key areas of relevant knowledge
- Signpost where the evidence can be accessed in more detail, and

- Identify where research investment has potential to meet any gaps identified in the knowledge and evidence base.

We welcome feedback on this review, and suggestions for future topics to be covered in the Need to Know series. Please email admin@ukracs.co.uk with your views and suggestions.

THE LOCAL GOVERNMENT KNOWLEDGE NAVIGATOR

The Local Government Knowledge Navigator is a two year initiative funded by the Economic and Social Research Council (ESRC), and steered by ESRC, Local Government Association and Society of Local Authority Chief Executives. It was launched in January 2013 with the aim of helping local government to make better use of existing national

investment in research and research-derived knowledge and evidence, and to influence future research agendas, programmes and investment.

The Knowledge Navigator team is Professor Tim Allen, Dr Clive Grace and Professor Steve Martin.

Acknowledgements

The Knowledge Navigators acknowledge with gratitude the support of the ESRC, LGA and SOLACE and the members of the Steering Group, and in particular Abdool Kara, for their help with the preparation of this Need to Know review.

This 'Need to Know' report has been prepared by **Sam Baars**. Sam is a social researcher specialising in youth transitions, area-based inequalities and social science impact. He currently works for a youth and education think-and-action tank. Sam has degrees from the University of Oxford and the University of Manchester, where he is currently completing his PhD.



Local Government Knowledge Navigator

CONTENTS

Executive Summary

1. **Introduction**
 - What is the problem?
 - What does this review set out to do?
2. **Defining local economic development**
3. **Method**
4. **The national policy context**
 - The recovery from recession
 - Austerity
 - Localism
5. **Approaches to local economic development**
 - Place matters
 - Growing your own
 - Competitiveness
 - Functional economic geographies
 - Quality of life
 - Holism
 - Summary
6. **The levers of local economic development**
 - Skills
 - Community-led development
 - Transport
 - Housing
 - Finance
 - Civic leadership
 - Planning
 - Procurement
 - Pursuing economic development, or just doing local government?
7. **Conclusion**
8. **References**

EXECUTIVE SUMMARY

This Local Government Knowledge Navigator Need to Know Review explores the existing knowledge base on the levers of local economic development.

It does so by assessing the findings of international academic research from the past 20 years alongside research and reports from government, think tanks, consultancies and various non-governmental organisations, considering insights from over 100 items of literature in total.

The context of the review is an economic climate still deeply defined by the aftermath of recession, alongside a national policy agenda centred on significant cuts to public spending and a push for greater localism. Against this backdrop, the review asks: what are the most viable levers with which local authorities can stimulate local economic development?

Firstly, the review weighs up the evidence behind broad approaches to local economic development. This first section of the review considers questions such as: is it better to focus on attracting inward investment or on 'growing your own'? Should areas concentrate on their own performance, or their competitiveness with other areas? Does quality of life affect economic development?

This section of the review draws the following broad conclusions:

Sensitivity to place matters: there are different routes to economic development in different areas. The history of an area and its people, along with their particular circumstances and needs in the present, should be important guiding factors in choosing between different levers for local economic development. Generic approaches to local economic development which disregard local identity and culture are unlikely to succeed;

Local economic development should be focused on growing and nurturing local capital rather than simply attracting inward movements of existing capital from other locations. In general, policies which support local firms to grow and invest, improve local skills and ensure local residents are able to play an empowered role in their communities should be prioritised

over policies targeted exclusively at attracting inward movement of firms and investment, such as relaxed planning zones or tax incentives. Building local capital by 'growing your own' makes an area more attractive to inward movements of capital from elsewhere, whilst ensuring the existing local population is equipped to benefit from any resulting economic benefits;

Competitiveness should not be the guiding narrative behind local economic development strategies. Places often do compete with one another, for instance to attract firms when they expand or relocate, but making competitiveness the fundamental goal of local economic development is misguided for two main reasons. Firstly, local economies are embedded within a wider 'functional economic geography' including other nearby conurbations, rural areas and the wider region, such that when capital chooses a particular location its economic benefits often extend more widely. Secondly, a focus on competitiveness can distract attention from the job of growing existing local capital, which is, in fact, one of the most effective ways of attracting new capital from elsewhere;

Approaches to local economic development need to be holistic. Firstly, this means forming partnerships and operating over wide geographies, including abroad. Local authorities are in a unique position to act as 'fixers', bringing together a range of players from business, the third sector and government. Secondly, this means joining up different elements of the local economy, looking beyond the traditional focus of the commercial economy (growing and attracting new businesses) and public economy (providing infrastructure and public services) to also include the social economy (the role of the third sector and community organisations). Finally, a holistic approach to local economic development should focus on levers such as enhancing quality of life, alongside more traditional levers such as expanding business and industry.

Secondly, the review considers the evidence base on specific policies to stimulate local economic development. This second section of the review considers the effectiveness of a range of levers, from apprenticeships to urban design; living wages to procurement. This section of the review draws the following conclusions:

Local **skills** policy is perhaps the most important lever for local economic development. Local authorities can play a valuable direct role in: creating apprenticeships by providing in-house schemes and using the power of procurement to encourage suppliers to do the same; enhancing adult training; capitalising on the role of universities and research; facilitating collaboration to raise educational attainment, and acting as a conduit between employers, learners and skills providers;

An important but often overlooked set of levers are those relating to **community-led development**. Local authorities have a range of roles here, from paying a living wage to supporting community groups, culture and the arts. Supporting small businesses is a key lever of local economic development, particularly in rural locations;

Transport policy remains highly centralised, but some local authorities are demonstrating the possibilities for taking more local control, from quality contracts and devolved franchises to closer working with centralised agencies;

Local authorities are currently limited in their ability to borrow to invest in **housing**. However, housing-related levers such as stock upgrades can have significant development outcomes, and there is scope to deploy local authority pension funds to provide investment in new social housing. Housing associations are also key partners in bringing about local economic development;

There are various ways of raising **finance** to fund economic development activities, from leveraging the scale of pension schemes and pooled assets, to municipal bonds and community infrastructure levies. However, the literature suggests that new powers under localism, such as access to Tax Increment Financing and business rates retention, may have limited potential in some areas;

Strong civic leadership is crucial to successful economic development, and it is important that local authorities provide this leadership by forging links with foreign markets, securing corporate social responsibility from suppliers, providing effective regulation and underpinning Local Enterprise Partnerships with a democratic mandate;

Local authorities have a central role in realising the developmental potential of **planning** across a very broad spectrum, from integrating investment with the capital projects of local partners such as universities, to taking advantage of new planning rules, seeking creative approaches to the problem of hollowed-out town centres and ensuring that physical regeneration delivers meaningful benefits to the broadest possible range of people;

At a time when local authorities' spending is being significantly curtailed, **procurement** still has sizeable potential as a lever for local economic development. Local authorities can use procurement to reach out to local suppliers, as well as pooling resources through Whole Place Community Budgets and realising the wider development gains of environmental sustainability.

Considering the evidence as a whole, the literature suggests the most successful levers of local economic development are those embodied in the core work of local government - ensuring people are healthy, skilled, employed, safe, mobile and engaged with their communities. In the current climate, the evidence indicates that local government's core responsibilities to safeguard the welfare of its citizens are the most effective levers for local economic development.

1. INTRODUCTION

“Fiscal consolidation means that the future of economic development will not be about spending public budgets.” (Local Government Association, 2011: 4)

What is the problem?

Nationally and locally, the UK is experiencing a protracted recovery from the 2007-8 financial crisis and subsequent recession. The effect on local economies across the UK has been significant, impacting on a range of development outcomes from growth and employment to house prices and real wages. In 2010 the coalition government embarked on a programme of fiscal austerity, which will see central government’s grant to councils fall by 28% by 2014/15. Local authorities are faced with the need to make significant reductions in their spending in order to balance their budgets, with pro-development activities likely to be placed under significant financial pressure once core expenditures on statutory responsibilities have been met.

Whilst there are signs that economic recovery is underway, there remains an urgency with which local authorities must now execute their role in stimulating economic development. However, it is also a climate in which many of the traditional levers that local authorities have used in the past to stimulate local economic development are no longer available. In the current economic climate and policy context, what are the most viable levers of local economic development?

What does this review set out to do?

Firstly, a number of reports and reviews have already been written, since the change of government in 2010, summarising the levers of economic development available to local authorities (see for instance Howell 2012). However, very little of this literature makes reference to the academic knowledge base. There is a divide between practice and scholarship (Currid-Halkett and Stolarick 2011) which is preventing the academic knowledge base from making a full contribution to the debate about how local authorities can facilitate economic development. This review sets out to highlight the contribution that the academic knowledge base can make,

alongside reviews and reports from outside academia, to the effective practice of local economic development.

Secondly, a good deal has already been written on the coalition government’s localism agenda (Cabinet Office 2011) and what this means for local authorities’ efforts to drive local development (Travers 2012; Howell 2012). The localism agenda and its concrete manifestations, such as Enterprise Zones, Local Enterprise Partnerships and City Deals, are factors affecting the agency of local government in its efforts to facilitate local economic development. However, rather than cover the elements of the localism agenda in detail, this review focuses on the tangible steps local authorities can take, within this wider policy context, to stimulate local economic development.

Thirdly, a great deal has already been written about city-focused efforts to facilitate local development, particularly in relation to core elements of the government’s localism agenda such as City Deals. However, this review acknowledges from the outset that local authorities operate in a variety of contexts, many of them non-urban. Accordingly, the levers of local economic development will be examined from the perspective of a range of types of locality, not only cities.

Finally, as this Review went for publication, the first outputs from the recently established What Works Centre for Local Economic Growth are emerging. The Centre is a collaboration between the London School of Economics and Political Science, Centre for Cities and ARUP, and is funded by the Economic and Social Research Council, The Department for Communities and Local Government and The Department for Business Innovation and Skills. They have just published the first in a series of ‘impact evaluations’: ‘Evidence Review Employment Training’ (What Works Centre for Local Economic Growth 2014).

2. DEFINING LOCAL ECONOMIC DEVELOPMENT

A number of possible measures of economic development are in use in the literature, and in practice.

Rather than adopt a single measure, the review will consider levers related to any one of the following development outcomes: growth (most commonly defined as increasing GDP/GVA); productivity (increasing output per hour worked); employment (for instance, increasing labour demand; rising wages; falling unemployment); demography (such as population growth and inward migration); the property market (for instance, an increase in planning applications; rising house prices); fiscal growth (increasing business rate and council tax receipts), and wellbeing (such as expanding civic engagement; building social capital; increasing life satisfaction).

This review does not treat 'economic development' as synonymous with 'economic growth'. Rather, growth is understood as a specific form of economic development,

defined as a change in the overall level of output within a given area. Economic development, on the other hand, encompasses a broader spectrum of outcomes, including outcomes that may not directly affect growth, such as the subjective wellbeing of the citizens within a particular locality (Wolman and Spitzley 1996).

Likewise, economic growth may not always achieve broader development outcomes (Centre for Local Economic Strategies 2008). For instance, growth may not necessarily lead to an improvement in wellbeing or an increase in the number of local people in employment. Therefore, while growth is an important factor to consider when talking about local economic development, it is also important to look 'beyond growth' (Centre for Local Economic Strategies 2009: 24; PricewaterhouseCoopers 2013).

3. METHOD

This review sets out to respond to the following question: within the economic and policy context outlined above, what are the most viable levers of local economic development?

It does so by mapping the existing knowledge base, exploring the findings of international academic research from the past 20 years alongside research and reports from government, think tanks, consultancies and various non-governmental organisations, considering insights from over 100 items of literature in total.

The review is broken into two sections. The first section considers the approaches to economic development outlined in the literature - the broad narratives and theoretical positions on how best to think about local economic development. The second section considers the levers of local economic development - the specific policy options facing local authorities, interspersed with examples of existing practice from across the UK.

4. THE NATIONAL POLICY CONTEXT

The context for this review has three main components: the lasting effects of the recession; the impact of austerity, and the government's localism agenda. This national policy context presents local areas with a particular set of opportunities and constraints when deciding on the levers to stimulate local economic development.

The recovery from recession

As outlined in the introduction, the national economy is still recovering from the financial crisis of 2007-8 and the ensuing recession. Although the most recent reports suggest that the recovery is gathering momentum, with annual growth in 2013 at its highest rate since 2007 (Wales 2014: 1), at the time of writing the economy remains 2.5% smaller than it was at the beginning of 2008 (Wales and Bentaleb 2013: 3), the employment rate remains lower than before the downturn (Office for National Statistics 2013: 3) and, even excluding those in full-time education, 640,000 young people are currently unemployed (Office for National Statistics 2013: 20). Meanwhile, although there are emergent signs of improvement, real household disposable incomes fell back to 2005 levels (Wales and Bentaleb 2013: 7) as wages struggled to keep up with the rising cost of living. In short, the national economy is no longer in recession and showing signs of recovery, but the effects of the recession are still in evidence.

Austerity

Alongside this economic picture, the coalition government has embarked upon a programme of significant cuts to public spending since its formation in 2010, in an attempt to reduce public sector net borrowing, with local authorities facing the sharp end of this austerity. In the three years to 2014/15 central government grants to councils will have fallen by 28% (Travers 2012: 14). Forced to make real terms spending cuts of between 12% and 15% between 2009/10 and 2012/13, with further substantial cuts scheduled year on year up to and including 2018/19, local authorities are being faced with difficult decisions as to which of their roles and services they can afford to maintain, once statutory responsibilities such as social care and the environment have been met. As an area of spending outside its statutory responsibilities, questions therefore arise as to how local government can maintain its long-standing role in promoting local economic development

(Local Government Association 2012c: 9). These questions emerge precisely at a time when local government's role in promoting local economic development could not be more critical.

Localism

Finally, against a backdrop of tentative economic recovery and significant cuts to local authorities' resources, councils also face a new era of localism spearheaded by central government. Doing away with the previous government's regional approach to sub-national economic development, signified by the abolition of the Regional Development Agencies, the coalition's new agenda is embodied in City Deals, Enterprise Zones and Local Enterprise Partnerships. Accompanying these new institutional arrangements are new powers for local government, such as the general power of competence, business rate retention and, in some instances, the potential to access Tax Increment Financing. However, as part of the localism agenda local authorities are expected to shoulder more risk alongside their new powers. For instance, in retaining business rates and taking control of council tax benefit, local authorities are more exposed to the financial impacts of fluctuations in local business and population growth (Travers 2012). Moreover, alongside this acquisition of risk, the context is still one of a tightly constrained spending envelope and, arguably, a system of local government that remains highly centralised (Local Government Association 2012c; Travers 2012; Department for Business Innovation and Skills 2012; Centre for Local Economic Strategies 2012a).

The context for this review is, therefore, a complicated one. The national economy is making a protracted recovery from recession, and the need to find effective levers for growth remains pressing. Local government has historically played a central role in promoting local economic growth, but this role is being dramatically redefined in the wake of significant financial constraints and a new localism agenda.

5. APPROACHES TO LOCAL ECONOMIC DEVELOPMENT

This section of the review outlines the main approaches to local economic development present in the literature – the competing narratives and theoretical positions, which attempt to encapsulate how we should think about local economic development and the types of levers that are available and viable.

Approaches to local economic development are broad schools of thought as to the way local economic development should be achieved, or the sorts of levers that will be most effective.

Place matters

Sensitivity to place matters; there are different routes to economic development in different areas. This is a central insight behind the localism agenda's drive to put budgets and powers in the hands of local decision makers, and is reiterated widely in the academic literature. Analysis of a set of the most common development factors and the way in which these factors tend to cluster together by Wong (2002) reveals a five-part typology of developmental 'pathways' – essentially, five different ways of achieving economic development. The typology reveals that efforts to stimulate local economic development need not all follow the same 'traditional' logic of capitalising on existing infrastructure, industrial base and locational advantage. While these factors lie behind economic development in the big cities, other development pathways are available, built on different factors. For instance, localities in the suburban south east can capitalise on a combination of traditional development factors, found in the cities, alongside quality of life factors associated with an extra-urban location; some rural and coastal locations are endowed with quality of life factors which have the potential to attract highly-paid, skilled workers, while some small rural locations are endowed with a small business culture and limited reliance on commuting which can contribute to less tangible elements of economic development such as social capital and wellbeing. While this represents just one possible typology of development pathways, it provides empirical backing to the claims at the core of localism: that there are different routes to economic development, and that local economic development must be responsive to place (Department for Business Innovation and Skills 2010b: 27).

Local economic development is not always sufficiently localised, however. In an examination of two UK cities' development strategies, Boland draws attention to the risk of formulating overly-generic policies based on broad notions of competitiveness and 'place marketing', concluding in response that "this is not a desirable way to develop local economic development policy because there needs to be something specifically local in what is being proposed" (Boland 2007: 1032). This sentiment is mirrored in a CLES analysis of 23 Local Economic Strategies and 19 Sustainable Community Strategies, which finds "homogeneity as regards strategy... [resulting] in a relatively narrow interpretation of economic development" (Centre for Local Economic Strategies 2009: 17). CLES argue in response that local economic development strategies need real local specificity.

Ultimately, decisions about which levers to pull in order to stimulate local economic development depend to a large extent on our answer to the following two questions: what does development look like in a particular locality? How is this kind of development achieved? (Stich and Miller 2011). In a rural locality, for instance, an approach to economic development predicated on the attraction of international capital and industry-building may not be plausible or appropriate (Sharp et al. 2002).

Growing your own

In a separate attempt to construct a typology of development activities, Reese analyses the local economic development strategies pursued by 856 municipalities in the US and Canada (Reese 2006). She finds that a range of approaches are adopted – from traditional approaches which focus on infrastructure investment and financial incentives to attract firms, to more entrepreneurial approaches which focus on building investment endogenously through business incubators and workforce training, through to passive approaches which adopt few policies targeted specifically at stimulating local economic development. Again, as with Wong's typology of different developmental pathways in the UK, it is clear that there is not one way of fostering local economic development. However, Reese goes further to suggest that different development pathways do not necessarily all have equal merit. Specifically, Reese argues that the entrepreneurial strategy is generally the most effective:

"To the extent that there is any consensus in the academic literature, it appears that the entrepreneurial strategy is most desirable for cities. Creating new development and investment rather than moving it around, eschewing tax abatements and other policies that tend to benefit business to the exclusion of the broader community, and linking incentives to performance guarantees, training, and other community benefits seems to be a strategic approach worth encouraging." (Reese 2006: 374)

This distinction between 'endogenous' (inward-focused) and 'exogenous' (outward-focused) approaches to local economic development appears in much of the literature. Morgan distinguishes between 'traditional' or 'demand-side', and 'innovative' or 'supply-side' development policies, in the process identifying two broad sets of levers: 'traditional' levers focused on attracting new business with location incentives and subsidies, versus 'innovative' levers focusing on workforce development, business retention, small business incubators and job training (Morgan 2010).

Meanwhile, Pike identifies an emerging 'heterodox' approach to development which is context sensitive, accepts that local areas have unique and divergent economies, and focuses on research and development, human capital and training rather than simply attracting new firms (Pike 2004).

On the whole, the academic literature is broadly critical of exogenous approaches to local economic development. Jones points out that "business attraction tends to be one of the first options considered when local governments assess their role in promoting economic development", but goes on to argue that, "the literature and the experience of the economic development practitioners agree that such exogenous policies produce little economic development" (Jones 2008: 30). Likewise, Weber argues that a review of the literature in the US demonstrates that "local economic development incentives are not effective means of improving the economic and fiscal wellbeing of the municipality" (Weber 2000: 97).

Wolfson and Frisken describe how the economic development efforts of the municipalities of the Greater Toronto Area in the late 1990s, which were initially focused on attracting industry from outside their respective areas, primarily resulted in moving manufacturing firms "from one GTA municipality to another" (Wolfson and Frisken 2000: 381).

Meanwhile, statistical analysis of the economic development activities of fifty US states reveals that policies aimed at 'smokestack chasing' such as tax incentives and subsidies to attract inward investment do not stimulate growth. Instead, suggest the authors, local authorities should focus on stimulating locally-driven employment growth and entrepreneurialism (Goetz et al. 2011). Lynch et al. reach similar conclusions in relation to the tax incentives pursued by New York's Industrial Development Agencies (Lynch, Fishgold and Blackwood 1996). Referring to the levers traditionally used to recruit investment from outside an area - tax incentives, abatements and subsidies - Wolman and Spitzley argue that "the benefits of much of this activity are uncertain, and the activity itself... is widely portrayed in the research literature as being ineffective" (Wolman and Spitzley 1996: 131-2).

Closer to home, in its evaluation of the Local Enterprise Growth Initiative Programme which focused on economic development in deprived areas, the Department for Communities and Local Government concludes that one of the least popular and least-used levers of the programme was the attraction of inward investment, largely because "given the nature of most of the areas, inward investment is not really a feasible priority" (Department for Communities and Local Government 2010: 88). The relief on business rates announced as part of the Enterprise Zones, or 'enterprise zone relief', offers businesses up to 100% business rate relief for five years, up to a maximum of £275,000. The literature suggests this may be an ineffective lever for stimulating economic development in some places, such as deprived areas with a relatively limited existing endowment of capital.

Rather than focusing on attracting industry, firms and investment from outside, then, the literature suggests there is much important work to be done turning inwards to focus on a locality's existing base of capital. Taking the example of Birmingham City Council's instrumental role in the city's development between 1984 and 2004, Coulson and Ferrario argue that "small firms in a local or regional economy are in a stronger position to survive if they are embedded in a network of relationships which encompass family ties, local loyalties and trust, expectations, and shared responses to crises or threats" (Coulson and Ferrario, 2007: 592).

The literature widely suggests that local authorities are in a prime position to enable such ties and networks, and this enabling role could be realised through the establishment of Business Growth Hubs which would work with local universities to combine grant support services for SMEs with comprehensive business advice and mentoring (Centre for Cities 2013b: 6). Such approaches focus on building local business, rather than attracting business from outside, although of course a strong base of local business and capital is a magnet for new capital from elsewhere. CLES argue that the main role local government can play in fostering local economic resilience is as a 'coagulant' or 'fixer', bringing together components of business, the social economy and wider society in order to develop coordinated interventions to stimulate local economic development (Centre for Local Economic Strategies 2008: 120).

Indeed, local authorities already play a key role in supporting existing local business, from assisting with access to export markets to technical support for start-ups. A range of existing business innovation and support programmes already exist across the UK (Sadiq, Shapira and Roy 2011: 39), such as the Hethel Engineering Centre in Norfolk - an incubator for engineering and technology firms, developed by Norfolk County Council, which has supported the founding of 53 new firms with an average turnover of £250,000, alongside the creation of 153 jobs (Burfield 2012: 7). Evaluations of these existing services suggests that there is a strong economic case for focusing intensive support on younger companies in this way (Sadiq, Shapira and Roy 2011: 40).

The argument for 'growing your own' also extends to other forms of capital. For instance, Overman et al. argue that skills policies should focus on raising the human capital of the existing population in an area rather than seeking to simply raise the aggregate level of skills in an area by competing to bring in highly skilled workers from outside. Such policies to bring in human capital from outside will likely make the existing, lower-skilled population worse off (Lawless, Overman and Tyler 2011: 28). As Sharp et al. argue, local economic development should be about "development of the community rather than development in the community" (Sharp, Agnitsch, Ryan and Flora 2002: 405).

Alongside this broad consensus behind the importance of 'growing your own', it is important to acknowledge warnings in the literature about the risks of an overly-endogenous approach to growth, however. As argued by the Centre for Cities, focusing only on existing assets and strengths - or 'doubling down' - can present its own risks: "the more a city is specialised in one sector, the greater the impact of a common shock that affects that sector. This is referred to as the 'weakness of strong ties'" (Centre for Cities 2010b: 21). Nonetheless, managing an outward-looking local economy is not necessarily at odds with developing existing local capital: for instance, local firms can be supported to diversify into new markets or to find new customers, and growing a solid base of existing local capital is an effective way of attracting new capital from elsewhere.

Furthermore, local authorities can play an instrumental role in ensuring that the activities of large corporates, already operating in a local area, are geared as firmly as possible towards the development of locally-grown capital. Academics at the Centre for Research on Socio-Cultural Change suggest that in the aftermath of recession, or in locations blighted by industrial decline, development potential can be extracted from the 'foundational economy' which consists of public activities, such as health, education and welfare, and private activities, such as utilities, retail banking and food, which remain even when tradeable goods have collapsed (Johal and Williams 2013: 3; Law and Williams 2014: 4).

In Enfield, turning to the foundational economy for economic development has involved engaging large corporates, already operating locally, including utilities, banking and food businesses, to increase employment and training at a local level, often working in partnership with locally-based sub-contractors (Johal and Williams 2013: 6). Local economic development can therefore be achieved by extracting more value from the existing, locally established capital of large corporates, rather than necessarily seeking to attract fresh capital.

In short, there is a relatively clear consensus in the literature that local economic development activities should be focused on growing and nurturing local capital - whether businesses or skills - rather than simply attracting new capital from other places. This is not to say that attracting new capital from outside is not a valid lever for local economic development. Conversely, one of the most effective ways of attracting new capital from outside is to concentrate on 'growing your own', as firms look to locate where skills are high and there is an existing base of successful businesses with their associated expertise and supply chains. As Schragger argues, by focusing on shaping local capital it is possible for an area to become more actively engaged in attracting global capital (Schragger 2009: 538).

Competitiveness

Much of the force behind the idea that local economic development is about attracting mobile capital comes from the notion that localities must be 'competitive'. The idea of 'competition' is commonplace in definitions of local economic development, such as in the World Bank's primer on the topic (Swinburn, Goga and Murphy 2006: 1). However, the literature suggests that this focus on 'competitiveness' may be misguided. Urwin argues that local authorities should move away from seeing places as 'competing' to attract investment and skilled labour. Rather, agglomeration economies, which emphasise the importance of the connections and links that operate between places within functional economic market areas, tell us that places should in fact cooperate in order to grow. And given the flighty nature of capital, it is unclear that merely attracting this mobile capital represents a long-term development strategy. Instead, Urwin argues that "the focus must be on nurturing the existing assets of the city more than attracting investment from elsewhere" (Urwin 2006: 6).

Schragger argues that if cities are part of broader agglomeration economies, benefiting from the scale and depth of knowledge, capital and infrastructure that these broader economic areas contain, it makes little sense to talk of cities as 'competing'. Instead, they are part of broader systems and rely for their own prosperity on the healthy economic performance of other places (Schragger 2010: 322). Meanwhile Reese and Ye critically identify 'competitive' approaches to local economic development as tantamount to a 'race to the bottom': "economic development policy, over time, has tended to be driven by competition, often resulting in a race to the bottom as cities vie for businesses through increasing and particularized incentives" (Reese and Ye 2011: 221).

Kemeny and Storper make an important contribution to the debate by distinguishing between absolute and relative specialisation. Absolute specialisation refers to the level of economic activity (the number of jobs or the level of output, for instance) supported by a particular industry in a particular area, whereas relative specialisation refers to a local area's share of a particular form of economic activity within a regional or national context. Analysis of US data reveals that growing absolute specialism is linked to rising wages, growing relative specialism is not (Kemeny and Storper 2012). This lends support to the argument that local areas should concentrate on

developing local business and industry rather than focusing on 'competing' with other localities for a share of that economic activity.

For example, there is a broad consensus in the literature that the famous economic success of places such as Silicon Valley, Baden-Württemberg and Third Italy is due primarily to a combination of clustering effects, inter-firm cooperation and knowledge exchange (see for instance Farole, Rodriguez-Pose and Storper 2010), much of which can be facilitated by local government. These success stories owe more to the notion of capital being 'sticky' rather than 'flighty' once it has found the right conditions, such as a skilled local workforce and a core of similar local firms, and owe much less to the idea of localities being competitive.

Ultimately, of course, there is a sense in which places do compete to attract mobile capital. In the act of making decisions as to where to open new factories or award new contracts, firms direct resources to particular locations rather than others, and attracting new forms of capital to an area is an important part of local economic development. However, capturing these processes using a narrative of 'competitiveness' can be unhelpful for two reasons. Firstly, local economies are embedded within a wider functional economic geography including other nearby conurbations and the wider region, such that when capital chooses one location rather than another, the distribution of economic benefits between the two locations is not necessarily zero-sum. Secondly, a focus on competitiveness can distract attention from the job of growing existing local capital, which is, in fact, one of the most effective ways of attracting new investment from elsewhere.

Functional economic geographies

The notions of 'clustering' and 'agglomeration' are core components of 'new economic geography' (Krugman 1991) and can be found widely in the contemporary literature on local economic development (Lawless, Overman and Tyler 2011; Porter 2000). The logic behind agglomeration economies is that there are significant benefits to firms from being located near to similar firms, despite the fact that from the perspective of classical economics both firms are strictly 'competing'. Above all, there are significant efficiencies to be extracted from sharing supply chains, tapping into a large existing pool of suitably skilled workers and exchanging

knowledge with existing firms. Agglomeration helps to explain a number of phenomena, from why large cities like London continue to grow, despite the high cost of this growth in terms of congestion, quality of life and high rents, to why tech firms converge on places like Austin and Silicon Valley. The idea of clustering and agglomeration also provides the driving logic behind the move to functional economic geographies, such as those captured by the new Local Enterprise Partnerships (Centre for Cities 2010a). In short, the economy of one locality is not independent from the economies of other neighbouring localities – all are likely to gain from being part of a larger pool of capital. Indeed, this is one of the arguments as to why viewing cities as ‘competing’ is not always useful.

Rural areas are often considered to be largely divorced from urban economies, and are arguably not considered to play as important a role in the national economy as large conurbations and cities (Commission for Rural Communities 2012: 9). However, rural areas contribute over £211 billion annually to the English economy (Phillipson and Turner 2013: 2) and almost all of the Local Enterprise Partnerships contain rural areas within their boundaries. These rural locations often account for a significant proportion of enterprises, particularly small businesses: 76% of businesses in the Leeds City Region LEP, for instance, are located in rural areas (Commission for Rural Communities 2012: 29). Most city economies are also well supported by commuters, businesses, consumer and environmental services from neighbouring rural locations (Phillipson and Turner 2013: 2) and so it is important to recognise that locations that lie outside large conurbations are nonetheless an important part of wider functional economic geographies.

Quality of life

An approach to economic development foregrounded in Wong’s typology is quality of life, or wellbeing. ‘Quality of place’ is an increasingly important development factor and may be central to the development efforts of areas with limited infrastructure and a modest employment base, but accordingly affordable house prices, limited congestion and green spaces. Wellbeing is identified by the OECD as a key to future investment in an area, and therefore a key element in medium- to long-term development (Clark 2009: 74-5), and is at the core of the Demos-PwC Good Growth For Cities Index (PricewaterhouseCoopers 2013). Quality of life is also

identified as a core concern for regenerating ‘hollowed out’ city centres (Centre for Cities 2010b: 24). Enhancing the quality of life a locality can offer its citizens is central to accounts of local economic development such as Florida’s ‘creative class’ thesis, which argues for the importance of attracting skilled professional workers with amenities and ‘lifestyle attractions’ (Florida 2002). However, Wong notes that improving quality of life may not be sufficient on its own as an economic development activity. Rather, her analysis reveals that “it is the combination of quality of life and traditional factors such as land, quality workforce, infrastructure and accessible locations which create the most successful economies” (Wong 2001: 31).

In a study of Economic Development Corporations (EDCs) in Texas, Jarmon et al. find that over a short time frame, EDCs that focus most directly on industrial development (such as funding job creation and retention, manufacturing facilities and infrastructure projects) have the greatest impact on unemployment, compared to those that focus on wellbeing/quality of life (such as improvements to parks and recreational facilities). However, over the longer term these quality of life interventions may be central to attracting business and labour (Jarmon et al. 2012: 131-2). As part of a long-term approach to local economic development, then, it seems as though efforts to improve quality of life are worthwhile.

Holism

While the localism agenda is focused on passing budgets and decision-making power down to smaller geographical units, it also urges a more holistic, partnership-based approach to economic geographies, spending and development decisions (OECD 2009: 29). This can be seen for instance in the move towards Whole Place budgets, private-public LEPs covering functional economic geographies, and partnerships between public and private institutions in order to establish Land Asset Based Vehicles.

The case for more holistic approaches to local economic development, based for instance around real economic areas or ‘functional economic geographies’ can be found in the literature (Centre for Cities 2010a) and existing practice – whether in relation to the formation of a Combined Authority in Greater Manchester, cross-agency employment schemes

such as CPR Works in Cornwall, or housing initiatives such as Warm Homes Oldham. As well as holism relating to wider partnerships and geographies, the literature also identifies the importance of holism relating to joining up different elements of the local economy when selecting levers for economic development. CLES' 'resilience model' stresses the need for local economic development to look beyond the traditional focus of the commercial economy (attracting business) and public economy (providing infrastructure and public services) to also include the social economy (the role of the third sector and community organisations).

Summary

This section of the report examined the main approaches to local economic development that emerge from the literature. These approaches to local economic development can be seen as types of levers; and while there is some disagreement about the best approaches to adopt, there are also areas of consensus.

Firstly, there are different ways of doing local economic development, and not all of these will be appropriate or effective in a particular location. Levers must be chosen with clear reference to the conditions present in a particular locality rather than being generic.

Secondly, approaches to local economic development that focus on growing existing capital, such as local businesses and skills, are more effective than those which aim solely to attract new business and people to an area. Financial incentives to attract outside firms, such as business rate relief, may be ineffective in some areas.

Thirdly, the narrative of 'competitiveness' has limited utility in capturing the nuances of local economic development. In reality, places often do find themselves competing to attract capital. However, the economic benefits of these capital investments rarely accrue only to one specific area, particularly when areas exist as part of agglomerations or clusters. Moreover, looking inwards and focusing on 'growing your own' can be one of the best ways of making an area more attractive to inward investment.

Fourthly, all local economies are part of wider functional economic geographies. As well as the dependencies that exist between city economies, rural locations also play a core role in supporting the urban and national economy, in particular as a location for small businesses. Levers for local economic development need to be sensitive to the specific challenges present in rural locations, and the importance of these locations to the urban economy.

Finally, approaches to local economic development need to be holistic, by: facilitating partnerships between a range of different agencies; drawing on the public and social, as well as commercial elements of the economy, and considering factors such as quality of life alongside industry and business growth.

6. THE LEVERS OF LOCAL ECONOMIC DEVELOPMENT

This section of the review outlines the specific levers of local economic development, where 'levers' are concrete actions that can be taken by councils. These levers are grouped into eight broad categories.

CATEGORY 1: SKILLS

The importance of skills to the local economy

Research demonstrates the importance of a solid skill base to the local economy and, in particular, the importance of raising local skills as well as merely attracting higher skilled people from elsewhere (Bradley and Taylor 1996). Krumholz (1999) argues that "education is the single most important economic development activity".

Skills and procurement

Much of the literature converges on the power of procurement as a skills lever. Local authorities can forge training and recruitment agreements with developers, in the style of a s.106 Agreement (Centre for Local Economic Strategies 2012b), or use procurement power to embed apprenticeships as clauses into contracts, particularly around continuing infrastructure projects (Centre for Local Economic Strategies 2010: 4).

Sandwell Council include community benefit (apprenticeship) clauses, via section 106 agreements, into major public contracts. The council currently has a target of creating 198 apprenticeships in this way over the next three years, and actively monitors contracts to ensure that apprenticeship places are filled and maintained (The Smith Institute 2013: 21)

In-house and subsidised apprenticeships

Apprenticeship programmes can also be run in-house. For instance, Manchester City Council has employed over 200 unemployed local residents as apprentices since 2012 (The Smith Institute 2013: 18). CLES suggest that local authorities can subsidise apprenticeships by splitting wage costs with the employer (Centre for Local Economic Strategies 2012b: 7).

Improving educational attainment

The London Challenge, since replicated in the Black Country and Greater Manchester, is cited by the Centre for Cities as a powerful example of how area-level strategic coordination between local authorities, schools, community organisations, parents and pupils can bring about improvements in attainment (Centre for Cities 2013a: 24).

Labour demand

Local authorities should focus on demand as well as supply. They can promote greater utilisation of skill amongst employers, and address information failures through the development of course and institution level labour market

information (Holden 2010). For instance, an industry-by-industry analysis of the mismatch in labour demand and supply in Essex suggests areas where skills are in short supply, and therefore where training could be targeted (Local Government Association 2013c: 41). At a time when youth unemployment remains stubbornly high, local authorities are well placed to act as a conduit between employers, placement providers and those seeking work (Centre for Local Economic Strategies 2012b).

CPR Works is an example of innovative partnership working between a local authority (Kerrier District Council) and other government and non-government agencies to find routes into employment for unemployed local people. At its core, CPR Works aims to ensure that local people, including the most disadvantaged, benefit from the jobs created as a result of new business investment into the area. Innovatively, this involves working with both employers (labour demand) and prospective employees (labour supply) to link people with jobs (North, Syrett and Etherington 2007: 27)

Essex has submitted proposals to reshape local 16-24 skills provision. The simplified local employer-led system requires: an Employment & Skills Board (ESB); a single portal/point of contact for business; real-time industry intelligence; and greater local determination of rewards for skills provision to meet economic and social needs (PricewaterhouseCoopers 2013: 22)

Lifelong learning

At a time when youth unemployment and NEET rates are high, it is tempting to focus scarce resources on initial training for young people - particularly those least likely to make a successful transition into the labour market. However, raising adult skills through lifelong learning also has a significant productivity impact. As Vaitilingam argues, "it is important to have the right balance between beginning-of-career training and adult-updating training" (Vaitilingam 2011: 22).

Localised skills policy

There is a strong case to be made for the devolution of skills and apprenticeships budgets to local authorities, who are better placed to understand the nature of labour demand and supply in their area and therefore coordinate more tailored, responsive policy solutions to unemployment and skills shortages (Allen, Mehta and Rutt 2012: 25). A recent study into councils' views on the effectiveness of the 16-19 commissioning process found that councils do not feel their

local knowledge and experience is fully used to inform funding and commissioning decisions, and that the current 'lagged funding system', whereby funding allocations are based on the previous year's data on learners and provision, often leaves resources out of step with the needs of current cohorts (Kettlewell et al. 2013: 14). Research, based on evidence of what local authorities are already achieving, suggests that a more localist approach to skills policy could deliver savings of £1.25 billion a year and reduce the number of young people out of work by 20% in three years (Local Government Association 2013d: 8).

Universities

As Adams argues, "higher education institutions have become centerpieces of urban economies, employing large numbers, purchasing goods and services, and anchoring neighborhoods by their land investments" (Adams 2003). However, as well as these broader contributions to local economic development, the most obvious way in which higher education institutions can contribute to the local economy is through the knowledge generated from teaching and research. Engelking argues for the central role of the University of Texas in Austin's establishment as a global centre for science and technology (Engelking 1996). There are also examples of higher education research and expertise driving local economic development in the UK:

Plymouth is developing an 'innovation eco-system' which will link the latest marine research at the city's university with local marine technology businesses (Local Government Association 2013b: 8).

Autonomy, a \$7billion business and the second largest pure software company in Europe, was founded by utilising a unique combination of technologies emerging from research at Cambridge University (Burfield 2012: 3).

Universities are also very well placed to provide local economic analysis and evaluation to inform local authorities' development policies (McGrath and Vickroy 2003; Mullin, Kotval-K and Cooper 2012). For instance, academics from the Centre for Research on Socio-Cultural Change at the

University of Manchester recently advised Enfield Council on its local economic development strategy, as part of their academic research into foundational economies (Johal and Williams 2013) - an example of an 'embedded' approach to research whereby academics work with external organisations, such as local authorities, to deliver mutual knowledge benefits (Baars 2014).

The role of higher education institutions in driving local economic development must be actively forged through coordinated partnership, however. As an OECD review of Belfast's local economic strategy argues, "the evidence suggests that just having excellent universities and research institutions is not sufficient to ensure that the benefits to local economic development are secured... the most successful places create institutional vehicles that bring together the key players" (OECD 2008: 79). In terms of research, coordination is required to ensure that knowledge produced within local universities 'leaves the ivory tower' and is used to best effect by local policymakers.

CATEGORY 2: COMMUNITY-LED DEVELOPMENT

The community economy

Much of the literature addresses the fact that a local economy is broader than the market-based transactions or public services that take place in a given locality. Heley et al. use the notion of the 'compound economy' to capture the interaction between the 'mainstream economy' and the 'community economy' in rural Central Wales (Heley, Gardner and Watkin 2012). Cameron and Gibson refer to a similar concept which they call the 'diverse economy' (Cameron and Gibson 2005), which captures non-market value such as volunteering, cooperative exchange and family care.

Heley et al. argue that communities, such as the rural community they studied, may not share the same development goals as those drawn up by strategic development plans. For instance, communities may not even share fundamental assumptions, such as the need for growth - instead placing greater importance on stability (Heley, Gardner and Watkin 2012: 376). In these cases of mismatch between the development goals of the local authority and those of the community, economic development plans may lack legitimacy (Raco 2000). As McCann argues, "everyday

life should not be treated as a backdrop to the processes that shape a city. Rather, people's everyday lives shape, and are shaped by, urban processes" (McCann 2002). It may be that economic development goals prove unachievable without community buy-in, because local community needs and place attachments will govern how people live, work, and 'perform the economy' (Heley, Gardner and Watkin 2012). Collectively, these insights stress the need for local economic development plans to be sensitive to place, community and residents' own priorities.

Roseland outlines a range of concrete examples of community economic development, which range from "small business counseling and import substitution ("buy local") programs to worker co-operatives, community development corporations, and community land trusts" (Roseland 2000: 97). In their case study of the Latrobe Valley Project in Australia, Cameron and Gibson demonstrate how these sorts of community-led forms of development can arise in even the most deprived areas, demonstrating to the authors the importance of moving away from a 'deficit' mentality towards people in deprived areas (Cameron and Gibson 2005). Sharp even goes as far as suggesting that "for some rural places, improving capacity for self-development may be the only realistic option for maintaining or creating new economic activity" (Sharp et al. 2002: 416). In any case, the literature puts forward a strong case for seeing community-led development as a crucial means of enhancing both the legitimacy and viability of broader local economic development efforts.

Place attachment

Place attachment is an important factor to consider when designing interventions to support people back into work. As Batty et al. found in a three-year study of six low-income neighbourhoods across Britain, "'neighbourhood' often mattered most to people where both the economic legacy of, and future prospects for, their community were least favourable. As a result, the various policy instruments designed to stimulate greater household mobility into more buoyant labour markets (such as social housing reforms, relaxing planning controls in areas of growth, Housing Benefit reform) are actually likely to find least traction in those places where 'localism' means most" (Batty, Cole and Green 2011: 6).

Living wage

Living wages increase business efficiency by reducing turnover, and can have a wider stimulative effect on the economy because low-income households spend a higher proportion of their wages locally (Lester 2012: 333). Analysis suggests minimum wages do not harm employment growth, business establishment or wider economic development outcomes. As a lever designed to raise living standards, however, living wages are most effective if they are accompanied by wider policies to reduce the cost of living for the lowest paid - such as building more affordable housing and improving public transport links to key employment sites (Holden and Raikes 2012).

Supporting small business

Small businesses play an increasingly important role in local economies, and micro-firms, which employ 10 or fewer people, are a particularly significant component of rural economies, where many businesses are run from home. Key levers for growth in these areas are to facilitate the rollout of fast broadband (Howell 2012) and ensure businesses have access to advice and support services such as the Dorset Mentoring Service, Dornen, which has been recognised as a national exemplar of business support (Commission for Rural Communities 2012: 38). 'Workhubs', which offer flexible work premises and provide shared access to facilities such as fast broadband, are a tangible way of supporting small businesses and overcoming isolation, particularly in rural areas (Phillipson and Turner 2013: 3). Business 'incubators' offer a combination of the advice-and-support model and the workhub model, and although research indicates that firms can struggle to successfully 'graduate' from incubators (Reese and Ye 2011: 223), there are some tangible success stories in the UK.

Calderdale has freed up funds to support new small and medium-sized enterprises, leading to 150 new businesses which will in turn create 500 new jobs and private sector investment exceeding the initial seed money (Local Government Association 2013d: 4)

Local authorities can also be instrumental in creating arrangements whereby small businesses can benefit from the scale of larger local firms, in particular by integrating with their supply chains, such as the Advanced Manufacturing Supply Chain Initiative in Birmingham (Travers 2012: 25). On a smaller scale, rural economies can also benefit from more joined up local supply chains, such as by encouraging manufacturing and construction firms to use locally available agricultural outputs (Commission for Rural Communities 2012: 43). As well as supporting local firms, stronger local supply chains can also help to insulate local economies from global market shocks (Heley, Gardner and Watkin 2012).

With small businesses still facing difficulties accessing finance from high street banks, many councils have established their own loan schemes, such as the Portsmouth Small Business Loan, designed for small businesses in the city seeking to expand, which loans eligible businesses up to £10,000 with an interest rate fixed at the Public Works Loan Board Annuity rate (Portsmouth City Council 2012).

Supporting community groups

In an analysis of community-level responses to recessions both past and present, Tunstall highlights the effectiveness of low-cost but high-impact neighbourhood renewal, which often follows the model of local authorities providing funding to community groups to provide locally-tailored services ranging from employment support to physical regeneration (Tunstall 2009).

Incredible Edible Todmorden in Lancashire has seen residents taking over unused or underused sites for planting, transforming the public realm into an 'edible landscape' and promoting the potential for the community to produce its food more sustainably (The Berkeley Group 2011: 149)

Networks

Communities that are embedded in larger social networks and work within them cooperatively are more likely to be successful in generating local economic activity (Flora et al.

1997: 635). This is echoed in the argument put forward by Reese and Rosenfeld (2001) for the importance of fostering civic culture for stimulating local economic development. CLES' analysis of Local Economic Strategies found only a minority of local authorities explicitly acknowledging the role of the social-based characteristics of local economic development, such as neighbourhood regeneration, unemployment and community empowerment. As CLES argue, "many of these are important factors of economic success and resilience in the face of adversity because they link people and the community with the operations of the economy, thereby mutually reinforcing the strength of both" (Centre for Local Economic Strategies 2009: 18).

Portland is often held up as an example of the successful incorporation of local place identity into a city's wider economic development efforts, achieved in Portland's case through the active use of Neighbourhood Associations (Centre for Local Economic Strategies 2008: 110)

Culture and the arts

Culture and the arts play an integral role in local economies. Often funded by local authorities, cultural attractions attract visitors who spend money in the wider economy. Arts and cultural amenities such as museums also have a well-proven record at creating jobs, developing skills and tackling unemployment (Local Government Association 2013a: 16), often in ways that are highly responsive to local places and people.

Basingstoke Festival ran from June to July 2012 - the first time a large-scale arts and cultural festival had been held in the Borough. An independent impact study found that the council's initial £15,000 investment generated a total spend of £233,000 by visitors from outside the area, bringing new money into the economy (Local Government Association 2013a: 13)

CATEGORY 3: TRANSPORT

Local powers of regulation

Local bus networks play a key role in local economic development. By serving more peripheral communities that lie outside the rail network, buses offer people crucial links to jobs and services and thereby allow them to engage with the local economy. Public transport is a particularly important development lever in rural areas, where sparser networks and greater distances between firms can make it difficult for employers to recruit and retain staff (Phillipson and Turner 2013: 3). The Local Transport Act 2008 made it easier for local authorities to use 'quality contracts' and 'quality partnerships' to exercise control over local bus networks and routes, allowing this important element of local public transport to be properly integrated into local economic development plans. A 2003 report by the Scottish Executive found that "in no region or city that can be considered to be delivering better or exemplary practice in transport policy implementation is the local roads-based public transport system deregulated; the most successful systems are run on a franchised (quality contract-type) basis" (Scottish Executive 2003: 85). However, at present in England, London is the only city to use quality contracts to exercise control over its bus network.

Devolved franchises

Rail franchises could be devolved, as in the case of the northern rail franchise (Centre for Cities 2012b: 54), to give local authorities greater say over the specification, award and management of these franchises. This would allow knowledge and understanding of local priorities to be fed into future development of the transport system, rather than these priorities being steered by Whitehall.

Local needs

Elsewhere, local authorities are already working with centralised agencies to tailor large-scale infrastructure projects to local needs and improve local outcomes.

Cornwall recently re-engineered a Highways Agency scheme, reducing the overall cost and committing to fix central government's financial contribution, in order to bring forward an improvement scheme to a critical part of the local road network (Crowe and Howell 2013: 14)

Staffordshire, Wolverhampton and South Staffordshire councils worked together on the development of a new motorway junction, among other measures, to secure a new Jaguar low emissions engine plant at the I54 site - a £355 million investment creating 750 skilled jobs (Local Government Association 2012c: 12)

CATEGORY 4: Housing

Borrowing to build

Local economic development could be stimulated by councils building new rented homes (National Federation of ALMOs 2012), but local authorities' housing-related levers are currently limited by centrally imposed restrictions on borrowing to prudential levels.

According to the Local Government Association, "removing the cap on the amount councils can borrow for housing would allow them to deliver up to 60,000 additional homes in five years, providing homes needed to support growth and unlocking £20 billion of wider economic impact" (Local Government Association 2013d: 9).

While a shortage of affordable housing is a well-known feature of some city economies such as in London, many rural economies also suffer from a shortage of affordable homes which, when coupled with higher transport costs and distances between employees and firms, can create inflexibilities in local labour markets which constrain local economic development (Phillipson and Turner 2013: 3).

Stock upgrades

As a growth lever, housing has much more scope than just new building. The government's New Homes Bonus covers conversions and long-term empty homes being brought back into use, as well as the building of new properties (Department for Business Innovation and Skills 2010a: 27; The Berkeley Group 2011: 84). Upgrades to existing housing stock can also impact positively on a range of elements of local economic development.

Oldham Council's Warm Homes Oldham scheme supplies grants to insulate homes and fit new boilers, in partnership with NHS Oldham and the Oldham Housing Investment Partnership. The scheme aims to lift 1000 people out of fuel poverty in its first year through these upgrades to the housing stock. Likely long-term effects include increased disposable incomes, improved health outcomes and a reduction in health-related barriers to the labour market. Warm Homes Oldham is also an effective example of how a sustainability agenda can underpin local economic development (Local Government Association 2012b)

Housing associations

The role of housing associations as crucial partners in local economic development is not a new one (Wadhams 1993). Particularly in local authority areas that have undergone substantial stock transfer, housing associations provide services to numerous residents - often including those who are most distant from the labour market. As well as maintaining the physical stock of housing, many housing associations work directly with their residents on broader housing-related issues such as entry to employment and community engagement. Housing associations are therefore crucial partners in stimulating local economic development.

Housing as investment

Housing-related investments can have broad-reaching development impacts. As part of their drive to extract greater local benefits from the activities of large corporates operating in the area, Enfield Council leveraged £10 million from British Gas in March 2013 to retrofit insulation to 1000 council homes. Rather than import labour and materials from outside the area, the scheme is designed to maximise the

local benefits of the investment: the scheme will directly hire 100 Enfield school leavers; local sub-contractors are being upgraded with relevant certificates, and a local factory will employ 50 workers to manufacture the panels. As Johal and Williams argue, "the result so far is a definite gain of several hundred jobs and an infrastructure, including local contractors, which should be able to export to adjacent boroughs" (Johal and Williams 2013: 6).

Some councils have been seeking to work with private sector partners, and in some cases their own pension funds, to invest in residential property (British Property Federation 2013: 16-17). In their work with Enfield Council, CRESC noted that the local authority pension fund had in recent years earned net returns of 5% or less from fund investments in the City of London - a rate of return that could be matched by investing locally in social housing (Johal and Williams 2013: 7). A typical scheme might see the local authority provide land, alongside pension fund financing for the building of the homes, with returns either provided through rents or taking an equity share in the properties (British Property Federation 2013: 17).

CATEGORY 5: Finance

Tax Increment Financing

Some City Deals contain provision for local authorities to access Tax Increment Financing (TIF), albeit in a restricted form. At its core, TIF allows capital for a development project to be raised against the projected increase in tax receipts the project will bring (Wilcox and Larkin 2011: 2). TIF is used widely in the US and Scotland and is a core pledge of the government's localism agenda.

However, there is mixed assessment of the development benefits of TIF in the literature. According to Reese and Ye, "generally, research has suggested that Tax Increment Finance Authorities tend to move firms around rather than creating new enterprises, displace current residents and businesses due to increases in land values, and do not create economic growth commensurate with their inherent tax expenditures" (Reese and Ye 2011: 223). The benefits of TIF are also disputed elsewhere in the literature (see for instance Dye and Merriman 2000; Briffault 2010).

While TIF can offer a way of raising funds to fund major capital programs, the Centre for Cities highlight that TIF should not be seen as a 'go to' lever for all localities; its merits as an approach are heavily determined by local conditions. "For TIF to work, it requires clear demand from the private sector and a reasonably buoyant local tax base. Moreover, in some cities, TIF may not be needed because a lack of infrastructure is not the primary barrier to growth" (Wilcox and Larkin 2011: 5). Perhaps the main shortcoming of TIF is that it favours areas with strong growth prospects (Centre for Local Economic Strategies 2011: 7), and so has the least viability in areas where levers to stimulate economic development are most urgently needed.

Pension fund leverage

Pension funds are sizeable resources against which to leverage investment. One example of pension fund leverage, pooling funds from multiple local authorities and local employers, is the Greater Manchester Pension Fund.

The Greater Manchester Pension Fund brings together the pension funds of all 10 local authorities in Greater Manchester plus those of over 200 other employers in the area (Cox and Schmuecker 2013: 10)

Asset Backed Vehicles

Asset Backed Vehicles, the drive to 'make assets count', as in Cambridge (Centre for Cities 2012b: 32), and the Bristol Public Property Board (Centre for Cities 2013b: 5) all demonstrate the potential for leveraging investment by unifying the stock of public sector assets within local authority areas, which allows the assets to be used more efficiently and for their substantial collective value to be realised. Local authorities have been producing 'asset maps' to allow them to use their buildings more efficiently, often sharing space or creating unified 'service hubs' with other public sector bodies, in order to release buildings and land to raise funding for development projects such as house building (Local Government Association 2012a). To date, councils have favoured using assets to leverage investment rather than overseeing their disposal to a depressed market (Local Government Association 2012a: 7).

Business rates retention

Similarly, the power of business rates retention may be realised through pooling and leveraging, rather than on its own terms. The Centre for Cities argues that "business rates retention may not prove a 'cash cow' for most authorities, but it will provide a stream of funds which, when coupled with other funding streams, could be borrowed against to support investment in the infrastructure needed to support the local economy" (Centre for Cities 2012a: 17). On aggregate, the introduction of business rates retention is likely to have mixed results. Some local authorities will benefit while others will lose out. Clearly, if local authorities oversee business growth under the new rates regime, they will benefit from being able to retain 50% of the proceeds from that growth. However, the new regime transfers risk as well as reward: if the business base within a local authority contracts - not an unlikely prospect in some areas in the current economic climate - these authorities will not be protected, as in the past, from falling business rate yields (Travers 2012: 19).

The Earn Back Model which forms part of Greater Manchester's City Deal allows the local authority to 'earn back' a maximum of £30m a year from the Treasury, over a 30 year period, if additional GVA is created relative to a baseline, as a result of an initial capital investment by the local authority of £1.2bn. Under Earn Back, Manchester will receive a larger proportion of the resultant tax take generated from this growth than would otherwise be the case under business rate retention.

Municipal bonds and Community Infrastructure Levies

Many local authorities are reconsidering the use of municipal bonds, accessing finance from the capital markets, particularly since the government raised the cost of borrowing from the Public Works Loan Board (Wilcox and Larkin 2011: 15). Meanwhile, some local authorities are experimenting with Community Infrastructure Levies, such as the Milton Keynes Tariff.

The Milton Keynes Tariff forward funds the infrastructure required to support new home building by raising a tariff payment of £21,500 on new dwellings and employment floor space, paid as development proceeds (Centre for Cities 2012b: 37; PricewaterhouseCoopers 2013: 24)

Partnerships

Financing local economic development is perhaps the prime example of where a holistic approach yields the best results. As Cox and Schmuecker argue, “while there are outstanding examples of local authorities innovating to increase capital finance in their area, there are occasions where more can be achieved by acting together. By operating at scale, costs can be brought down, expertise shared, and larger investments achieved alongside on-lending for smaller projects” (Cox and Schmuecker 2013: 13).

The North West Evergreen Fund was established to provide funding to support real estate projects which are critical to the regional economy of Greater Manchester, Cumbria, Cheshire and Lancashire. The fund pools investment from 16 local authorities alongside support from the European Regional Development Fund and JESSICA Programme. The fund sponsors development opportunities where there is a clear benefit to the region’s employment, regeneration, environmental and economic prospects (North West Evergreen Fund 2014)

CATEGORY 6: Civic leadership

The importance of strong civic leadership

Overall, the literature supports the claim that decentralisation aids local economic development (Stansel 2005), emphasising the importance of local independence and leadership to set the agenda. Local authorities not only have the electoral mandate, but also the locally grounded knowledge, to produce plans for local economic development that are tailored to the specific reality of local areas. As Lord Heseltine argues, “local leaders are best placed to understand the opportunities and obstacles to growth in their own communities. Policies that are devised holistically and locally, and which are tailored to local circumstances, are much more likely to increase the economy’s capacity for growth” (Department for Business Innovation and Skills 2012: 31). Moreover, strong civic leadership is often best placed to broker relationships within a local authority area, such as between higher education and business, and also between different local authority areas - including those in other countries.

Forging links with foreign markets

Local authorities are in an important strategic position to broker new foreign markets for local firms (Bouton et al. 2013: 7). When forging international partnerships, the literature identifies the importance of forging these links in a broad cultural sense as well as a narrow economic sense (Cross 2010) in order to ensure the partnership is meaningful and sustainable. As well as nearby neighbours on the continent, local authorities are increasingly ‘looking east’ to the opportunities represented by the rapidly growing Asian economies.

Essex County Council have spent the past 25 years developing a civic and economic relationship with Jiangsu province, China, building links between business, cultural and civic leaders in order to generate export opportunities, for instance in offshore renewables. China’s largest publisher is setting up its UK headquarters in Essex (Local Government Association 2012c: 12)

Manchester City Council is also looking to China as part of its local economic development strategy, building on the links already forged by the many Chinese businesses and residents who have made the city their home (Lord Wei of Shoreditch 2012).

Securing corporate social responsibility

Local authorities are responsible for procuring £58 billion of goods and services each year. This puts them in a powerful position to secure local corporate responsibility from global firms (Local Government Association 2012c: 14) and local suppliers alike. The City of London’s emphasis on corporate social responsibility from suppliers has reduced, rather than increased, costs, demonstrating that placing an obligation on suppliers to meet criteria based around environmental sustainability, local employment and skills training, as well as cost, can lead to savings as well as social outcomes (City of London 2013: 5).

Regulation

Local authorities' regulatory functions, such as Trading Standards and Environmental Health, can support local economic development in a range of ways (Local Better Regulation Office 2012). Regulators can help businesses to avoid the costs of regulation and regulatory non-compliance by providing effective guidance. For instance, after the Food Standards Agency developed a business-friendly management system for food hygiene checks, 45% of SMEs using the system reported that it had made their business more profitable (ibid. 2012: 11). As well as helping businesses to avoid the costs of regulation and compliance, regulators can also function as a more positive lever for local economic development. By publicly acknowledging the processes that businesses put in place to deliver safe, quality products and services to their customers, such as through food hygiene star ratings and Blue Flag schemes, regulators can champion businesses who comply with regulation and encourage repeat business.

Schemes such as Buy With Confidence, developed by a partnership of Local Authority Trading Standards Services, have proved to be an effective way of boosting consumer confidence and supporting the local economy, via an approved list of small, local businesses that have passed a series of regulatory checks (Local Better Regulation Office 2012: 11)

Finally, regulation delivers wider economic benefits to local areas. Improving local environmental quality can increase footfall in town centres, while improving workplace safety has a beneficial impact on productivity (ibid. 2012: 12). The government is proposing to put a 'duty to have regard to the desirability of promoting economic growth' on non-economic regulators, as part of the Deregulation Bill which is currently making its passage through Parliament. The 'growth duty' would see regulators legally bound to have regard to the impact of their actions on economic growth (Cabinet Office 2013; Better Regulation Delivery Office 2013), with draft guidance developed with regulators and business representative groups indicating the ways in which

this duty should be interpreted (Better Regulation Delivery Office 2014). The literature suggests that local regulation already plays an important role in stimulating local economic development, but this role could soon become a statutory duty.

Elected mayors

The Centre for Cities argues that more widespread adoption of elected mayors, such as in London, Leicester and Liverpool, would overcome the local governance challenges that can sometimes hold back growth. Elected mayors would help city governments to be decisive, representative, coherent and collaborative (Centre for Cities 2011). Lord Heseltine's review *No Stone Unturned* concurs that local leadership would be further strengthened by widening the adoption of city mayors, and that legislation should be introduced to also allow wider conurbations to adopt mayors (Department for Business Innovation and Skills 2012: 57). It is important to note, however, that any proposal for an elected mayor in a particular locality is subject to a democratic mandate, and at present public opinion appears unconvinced of the case for elected mayors: in 2012, proposals to introduce elected mayors were rejected by referenda in nine English cities.

Providing LEPs with a democratic mandate

Ward and Hardy emphasise that local authorities have an important leadership role within the newly formed Local Enterprise Partnerships, as they are the only LEP stakeholders with a democratic mandate (Ward and Hardy 2013: 31) - thus bringing crucial accountability and local responsiveness to the new institutional setup of localism.

The Barcelona Principles

The scope and importance of local leadership is enshrined in the ten Barcelona Principles which were agreed in March 2009 as a summary of the role that local leaders can play in safeguarding their economies in the wake of the financial crisis and recession (The Work Foundation 2009: 16). These principles act as a useful reminder of the importance of strong local leadership in a precarious economic climate.

CATEGORY 7: Planning

Integrated investment

Local authorities have limited resources to fund their own large-scale infrastructure investment programmes. As outlined in **CATEGORY 5** (above), there are a range of ways in which councils can raise funding or attract outside investment to finance large capital programmes. However, another option is to work with other large local institutions, such as universities, as they develop their own investment programmes. For instance, Manchester City Council has exploited opportunities to integrate the redevelopment of the Manchester Metropolitan University campus into its wider Oxford Road Corridor development plans.

The new campus development by Manchester Metropolitan University is one of the largest regeneration projects in the North West, creating jobs for hundreds of people. The new campus is the final part of a £350 million capital investment programme and will provide a space for more than 5000 students, with 1,200 being resident on the site (Travers 2012: 24)

Local Development Orders and Simplified Planning Zones

Local authorities could make more use of Local Development Orders and Simplified Planning Zones, which are designed to stimulate development by relaxing the requirement for planning permission in specific cases. To date LDOs and SPZs have had little takeup by local authorities, and it is unclear in the current economic climate, when demand from developers is low, “whether relaxing planning rules will be enough to stimulate development activity even when they are used as part of a package of incentives” (New Economy 2011).

Town centres

‘Hollowed out’ town centres pose a particular planning challenge. There is evidence that ‘Town Centre First’ policies, which aim to encourage smaller, more central retail developments over larger, more peripheral stores, have a negative impact on the productivity of those stores that locate centrally (Cheshire, Hilber and Kaplanis 2011). The Centre for Cities suggests that in certain mid-sized cities with

high levels of vacant inner-city property, such as Sunderland, Derby and Preston, local authorities should trial flexible letting of vacant public sector buildings for office space, in order to gauge demand and shape future developments (Swinney and Carter 2012). ‘Meanwhile Use’ leases allow empty retail units to be used for non-retail purposes rather than being left empty.

Ashfield Council has been using ‘Meanwhile Use’ leases, alongside micro-grants and lower charges, to ensure that town centre retail units are not left empty simply because there is no suitable retail business. Instead, empty properties are being used to host community groups, charities, tourist information centres and art galleries (Department for Communities and Local Government 2013)

Urban design

The redevelopment of cities such as Birmingham and Manchester during the last 20 years is often held up as an example of how innovative urban design can make a central contribution to a city’s economic development. The ‘prestige’ model of urban redevelopment, under which significant private sector investment is attracted to physically remodel the city, has arguably been successful at drawing business and tourism and growing dwindling city centre populations by increasing the range of amenities on offer and improving quality of life, such as in Manchester after the 1996 IRA bombing.

However, some literature highlights dangers whereby high-profile physical developments are adopted as a shortcut to more meaningful economic development. Examining city centre regeneration programmes of Birmingham, Manchester and Sheffield, Loftman and Nevin argue that “the approach represents, at best, a partial and one-dimensional response to the multifaceted problems facing urban areas” (Loftman and Nevin 1995: 300). Also studying the UK context, Boland argues that “behind spectacular city centre and waterfront developments there is evidence of the ‘polarised city’ with pockets of poor housing, acute poverty and deprivation co-existing with plush apartments and affluence” (Boland 2007: 1028).

Hubbard makes a similar argument in conclusion to his analysis of Birmingham's redevelopment during the 1980s and 90s:

“While improved urban design can create a physical environment conducive to investment, this needs to be accompanied by other measures to ensure that the benefits of this investment trickle down to all. In the absence of such measures, there is the danger that the re-imagining of the urban environment may act as a ‘carnival mask’ that distracts from more serious social issues, and serves the needs of investors and local elites at the expense of local residents” (Hubbard 1995: 251)

There appears to be a consensus in the literature, then, that the challenge when using urban design as a lever for local economic development is to ensure the benefits are shared as widely as possible amongst the existing population in an area.

CATEGORY 8: Procurement

The power of procurement

Jackson outlines how, in recent years, procurement has moved from being a largely bureaucratic function governed primarily by the notions of competition and best value, to an activity which can “provide a bulwark to a local economy in terms of: supporting business and the voluntary and community sector; providing employment opportunity; and ensuring the promotion of spend within the local economy, thus enabling the sustainability of local shops and services” (Jackson 2010: 7). Local authorities spend £58 billion annually procuring goods and services, which represents a hugely significant lever for local economic development if used strategically, such as by supporting local suppliers.

Manchester City Council and the Centre for Local Economic Strategies worked together in 2010 to assess the current and potential impact of the council's procurement spend within the city. These impacts are numerous: the council's spend on its top 300 suppliers supports 5225 local jobs; £29 million is currently spent with voluntary and community sector organisations based in Manchester, and £87 million is spent in wards in the city within the 10% most deprived in England (Jackson 2010)

Manchester City Council is also taking practical steps to ensure that local organisations and firms benefit as much as possible from the council's spend, including targeted support to potential suppliers via Area Regeneration Teams and encouraging cross-departmental involvement in procurement policy within the council.

Working with small suppliers

Mindful that many of their contracts are large and may be outside the capacity of local suppliers, Bury Borough Council work to ensure that prime contractors consider local suppliers and subcontractors, and also encourage small local firms to attempt to secure a position as a member of a consortium or as a subcontractor (Bury Borough Council 2013). Face-to-face approaches such as ‘meet the buyer events’ and workshops to develop local small businesses to be ‘fit to compete’ are crucial to engaging local business with the supply chain.

The City of London's Ready to Supply the City initiative has provided business support to 891 small and micro businesses since 2009 (City of London 2013)

E-procurement can also be an instrumental way of helping small and micro firms to bid for local authority contracts (Cabras 2010), as is evident in the case of Halton Borough Council.

Halton Borough Council has committed to advertising all trading opportunities for spend over £1000 on their e-portal system, making it easier for small businesses to view trading opportunities and submit bids (Halton Borough Council 2013). In tandem, the local authority has trained over 400 local businesses to register on the e-procurement system.

Pooling budgets

Local authorities are increasingly exploring ways of pooling budgets with other authorities in order to increase buying power (Centre for Cities 2012a), as well as working with local higher education institutions in order to leverage their weight as large buyers (Adams 2003). Whole Place Community Budgets such as those being trialled in Essex, Greater Manchester, West Cheshire and the London Tri-borough are designed to support local economic development in two main ways. Firstly, pooling budgets between public sector organisations can deliver efficiency savings at a time when local authority budgets are being significantly reduced. Secondly, this approach to partnership working also aims to make important levers of local economic development, such as skills policy, more joined up and therefore more effective (Local Government Association 2013c).

Sustainability

Energy is a major area of local authority spend, and represents an opportunity to grow the green economy and achieve significant cost savings. By embracing greener energy generation technologies, local authorities have the opportunity to reduce their energy spend and, through the adoption of Feed in Tariffs, potentially generate future income streams (Centre for Local Economic Strategies 2010: 7). Examples include Southampton City Council's development of the Marchwood facility into a combined heat and power station (Centre for Cities 2012b: 70) and Kristianstad's construction of a facility which turns agricultural byproducts into heat and power, which now meets almost all of the city's energy needs and saves the local authority around \$3.5m each year (OECD 2012: 80). The measures taken in Southampton and Kristianstad demonstrate how low-carbon technologies can act directly as levers of local economic development (Local Government Association 2012b; Bouton et al. 2013: 10).

Pursuing economic development, or just doing local government?

According to some sources, economic development activities are fundamentally distinct from the core business of local government – a school of thought which lies behind the use of separate ‘development agencies’ to coordinate an area’s economic development, rather than managing this process from a municipal platform. As a recent OECD report argues, “economic development activities are unlike the other roles and responsibilities of local governments. They are primarily ‘market facing’ (labour markets, property markets, investment markets, etc.), rather than ‘citizen facing’, and involve market-based transactions, and incentive structures, rather than public service delivery” (Mountford 2009: 2).

As is evident from the second section of this review, there is little consensus around this distinction in the literature. Firstly, as outlined in the first section of this review, the literature suggests that incentive-based policies to attract new capital have limited utility compared to approaches which focus on ‘growing your own’. Secondly, as demonstrated by the range of levers for local economic development described in the second section of the review, there is evidence in the literature that the sorts of core local government activities which are singled out by the OECD as being distinct from economic development activities are, in fact, some of the most effective levers for stimulating local economies.

One of the few items of literature to provide a large-scale comparative analysis of the impact of different development levers reveals that traditional policies targeted specifically at economic development, such as financial incentives and subsidies to attract firms, have a negligible impact on an area’s economic health when examined in the wider policy context. The effects of these development-specific policies disappear when core local government policy areas such as crime reduction, schooling and improving public spaces are factored into the equation (Reese and Ye 2011). Ultimately, the authors argue that local governments have a central role to play in stimulating local economic development, but that ‘pursuing economic development’ should not be defined narrowly as “the things governments do to induce businesses to relocate or invest” (Reese and Ye 2011: 231). Instead, the goal of stimulating economic development is best realised by just getting on with the time-honoured business of doing local government:

“Returning to the basics of good local government – schools, services, and security – appears to present significant promise... investments in activities that have traditionally been the bedrock of local governments appear to make significant contributions to the economic health of communities” (Reese and Ye 2011: 231)

These findings speak directly to calls for greater localism, in particular those for local government to have greater coordinating powers over broader public sector functions, via mechanisms such as Whole Place Community Budgets, as outlined in the Centre for Cities’ City Deals Core Package (Centre for Cities 2013b: 2). The Whole Place approach emphasises the role that the effective provision of core public services, from education and skills to health and social care, can play in stimulating local economies (Local Government Association 2013c). The literature and examples of practice considered in this review suggest that local government’s core responsibilities to safeguard the welfare of its citizens are some of the most effective levers for local economic development.

7. CONCLUSION

This Need to Know Review set out to assess what the research base has to say to inform the viability of various levers of local economic development. Two overarching conclusions emerge from the evidence base.

Firstly, even in the current economic climate, local government has a wide range of levers at its disposal for stimulating local economic development, in areas including skills, community-led development, transport, housing, finance, civic leadership, planning and procurement.

Secondly, the core business of doing local government - ensuring people are healthy, skilled, employed, safe, mobile and engaged with their communities - is arguably the most effective approach to stimulating local economic development.

Whether through providing apprenticeships, supporting small businesses and community organisations, upgrading housing stock or backing arts and cultural events, the literature suggests that pursuing local economic development is ultimately about doing local government.

8. REFERENCES

- Adams, C.** 2003 'The meds and eds in urban economic development', *Journal of Urban Affairs* 25(5): p.571-588.
- Allen, T., Mehta, P. and Rutt, S.** 2012 Hidden talents: a statistical overview of the participation patterns of young people aged 16-24 (LGA Research Report), Slough: NFER.
- Baars, S.** 2014 'The retreat of the state and the future of social science', *Management in Education* 28(1): p.6-11.
- Batty, E., Cole, I. and Green, S.** 2011 Low-income neighbourhoods in Britain: the gap between policy ideas and residents' realities, York: Joseph Rowntree Foundation.
- Better Regulation Delivery Office** 2014 Draft Guidance: Non-economic Regulators: Duty to Have Regard to Growth, London: Department for Business Innovation and Skills.
- Better Regulation Delivery Office** 2013 Government Response - Non-economic Regulators: Duty to Have Regard to Growth, London: Department for Business Innovation and Skills.
- Boland, P.** 2007 'Unpacking the Theory-Policy Interface of Local Economic Development: An Analysis of Cardiff and Liverpool', *Urban Studies* 44(5): p.1019-1039.
- Bouton, S., Cis, D., Mendonca, L., Pohl, H., Remes, J., Ritchie, H. and Woetzel, J.** 2013 How to make a city great, New York: McKinsey & Company.
- Bradley, S. and Taylor, J.** 1996 'Human Capital Formation and Local Economic Performance', *Regional Studies* 30(1): p.1-14.
- Briffault, R.** 2010 'The Most Popular Tool: Tax Increment Financing and the Political Economy of Local Government', *The University of Chicago Law Review* 77(1): p.65-95.
- British Property Federation** 2013 Investing in residential property: a British Property Federation guide for asset allocators, London: British Property Federation.
- Burfield, N.** 2012 Commercialising Innovation: a briefing paper on historic trends and policy context, London: Local Government Association.
- Bury Borough Council** 2013 "Best councils to do business with" case study: Bury Borough Council, procurement with SMEs, London: Local Government Association.
- Cabinet Office** 2013 Draft Deregulation Bill - CM 8642, London: The Stationery Office.
- Cabinet Office** 2011 Unlocking growth in cities, London: Cabinet Office.
- Cabras, I.** 2010 'Use of E-procurement in Local Authorities' Purchasing and Its Effects on Local Economies: Evidence from Cumbria, UK', *European Planning Studies* 18(7): p.1133-1151.
- Cameron, J. and Gibson, K.** 2005 'Alternative Pathways to Community and Economic Development: The Latrobe Valley Community Partnering Project', *Geographical Research* 43(3): p.274-285.
- Centre for Cities** 2013a Anchoring growth: an economic assessment of the Solent area, London: Centre for Cities.
- Centre for Cities** 2012a Banking on Growth: trends in local government funding and finance, London: Centre for Cities.
- Centre for Cities** 2010a Beyond the Boundaries: Why cross-boundary collaboration matters and what this means for local enterprise partnerships, London: Centre for Cities.
- Centre for Cities** 2011 Big shot or long shot? How elected mayors can help drive economic growth in England's cities, London: Centre for Cities.
- Centre for Cities** 2013b City Deals Core Package, London: Centre for Cities.
- Centre for Cities** 2012b Plan C for Cities, London: Centre for Cities.
- Centre for Cities** 2010b Shifting Gears: Safeguarding Derby's economic growth, London: Centre for Cities.
- Centre for Local Economic Strategies** 2012a A new local economic narrative, Manchester: CLES.
- Centre for Local Economic Strategies** 2008 Delivering economic success: An international perspective on local government as stewards of local economic resilience, Manchester: CLES.
- Centre for Local Economic Strategies** 2011 Financing economic development in a cold climate, Manchester: CLES.
- Centre for Local Economic Strategies** 2010 How do we do local economic development post CSR?, Manchester: CLES.
- Centre for Local Economic Strategies** 2012b Localised approaches to tackling youth unemployment, Manchester: CLES.
- Centre for Local Economic Strategies** 2009 Toward a new wave of local economic activism: the future for economic strategies, Manchester: CLES.
- Cheshire, P., Hilber, C. and Kaplanis, I.** 2011 Evaluating the Effects of Planning Policies on the Retail Sector: Or do Town Centre First Policies Deliver the Goods?, London: SERC.
- City of London** 2013 "Best councils to do business with" case study: City of London, procurement with SMEs, London: Local Government Association.
- Clark, G.** 2009 Recession, recovery and reinvestment: the role of local economic leadership in a global crisis, Paris: OECD.
- Commission for Rural Communities** 2012 How are rural interests being recognised within Local Enterprise Partnerships?, Gloucester: Commission for Rural Communities.

- Coulson, A. and Ferrario, C.** 2007 "'Institutional Thickness": Local Governance and Economic Development in Birmingham, England', *International Journal of Urban and Regional Research* 31(3): p.591-615.
- Cox, E. and Schmuecker, K.** 2013 *Beyond banks and big government: strategies for local authorities to promote investment*, Newcastle: IPPR North.
- Cross, B.** 2010 'Sister cities and economic development: a New Zealand perspective', *Transylvanian Review of Administrative Sciences* (30): p.104-117.
- Crowe, D. and Howell, S.** 2013 *The road to growth: the case for greater local influence over transport*, London: Local Government Association.
- Currid-Halkett, E. and Stolarick, K.** 2011 'The Great Divide: Economic Development Theory Versus Practice -A Survey of the Current Landscape', *Economic Development Quarterly* 25(2): p.143-157.
- Department for Business Innovation and Skills** 2010a *Local growth: realising every place's potential*, London: The Stationery Office.
- Department for Business Innovation and Skills** 2012 *No stone unturned: in pursuit of growth*, London: The Stationery Office.
- Department for Business Innovation and Skills** 2010b *Understanding local growth: BIS economics paper no. 7*, London: Department for Business Innovation and Skills.
- Department for Communities and Local Government** 2010 *National Evaluation of the Local Enterprise Growth Initiative Programme*, London: Department for Communities and Local Government.
- Department for Communities and Local Government** 2013 *The Future of High Streets*, London: Department for Communities and Local Government.
- Dye, R.F. and Merriman, D.F.** 2000 'The Effects of Tax Increment Financing on Economic Development', *Journal of Urban Economics* 47(2): p.306-328.
- Engelking, S.E.** 1996 'Austin's Opportunity Economy: A Model for Collaborative Technology Development', *Annals of the New York Academy of Sciences* 798: p.29-47.
- Farole, T., Rodriguez-Pose, A. and Storper, M.** 2010 'Human geography and the institutions that underlie economic growth', *Progress in Human Geography* 35(1): p.58-80.
- Flora, J.L., Sharp, J., Flora, C. and Newlon, B.** 1997 'Entrepreneurial Social Infrastructure and Locally Initiated Economic Development in the Nonmetropolitan United States', *The Sociological Quarterly* 38(4): p.623-645.
- Florida, R.** 2002 *The Rise of the Creative Class: And how it's transforming work, leisure, community and everyday life*, New York: Perseus Book Group.
- Goetz, S.J., Partridge, M.D., Rickman, D.S. and Majumdar, S.** 2011 'Sharing the gains of local economic growth: race-to-the-top versus race-to-the-bottom economic development', *Environment and Planning C: Government and Policy* 29(3): p.428-456.
- Halton Borough Council** 2013 "Best councils to do business with" case study: Halton Borough Council, procurement with SMEs, London: Local Government Association.
- Heley, J., Gardner, G. and Watkin, S.** 2012 'Cultures of local economy in a Celtic fringe region', *European Urban and Regional Studies* 19(4): p.366-382.
- Holden, J.** 2010 *Three's company: how employers, individuals and Government shape skills supply and demand*, Manchester: New Economy.
- Holden, J. and Raikes, L.** 2012 *Pay up? Living costs and the living wage in Manchester*, Manchester: New Economy.
- Howell, S.** 2012 *Grow your own way: taking a localist approach to regeneration*, London: Local Government Association.
- Hubbard, P.** 1995 'Urban design and local economic development', *Cities* 12(4): p.243-251.
- Jackson, M.** 2010 *The power of procurement*, Manchester: CLES.
- Jarmon, C. a., Vanderleeuw, J.M., Pennington, M.S. and Sowers, T.E.** 2012 'The Role of Economic Development Corporations in Local Economic Development: Evidence From Texas Cities', *Economic Development Quarterly* 26(2): p.124-137.
- Johal, S. and Williams, K.** 2013 *The Enfield Experiment*, Manchester: CRESC.
- Jones, S.** 2008 'Can Australian Local Governments have a Role in Local Economic Development?: Three Cases of Evidence', *Urban Policy and Research* 26(1): p.23-38.
- Kemeny, T. and Storper, M.** 2012 *Specialization and Regional Economic Development*, London: SERC.
- Kettlewell, K., Sims, D., O'Beirne, C. and Gee, G.** 2013 *Councils' views on the effectiveness of the 16-19 commissioning process (LGA Research Report)*, Slough: NFER.
- Krugman, P.** 1991 'Increasing Returns and Economic Geography', *Journal of Political Economy* 99(3): p.483-499.
- Krumholz, N.** 1999 'Equitable Approaches to Local Economic Development', *Policy Studies Journal* 27(1): p.83-95.

- Law, J. and Williams, K.** 2014 A State of Unlearning? Government as experiment - CRESC Working Paper 134, Manchester: CRESC.
- Lawless, P., Overman, H. and Tyler, P.** 2011 Strategies for Underperforming Places, London: SERC.
- Lester, T.W.** 2012 'Labor Standards and Local Economic Development: Do Living Wage Provisions Harm Economic Growth?', *Journal of Planning Education and Research* 32(3): p.331-348.
- Local Better Regulation Office** 2012 Regulation and Growth, Birmingham: LBRO.
- Local Government Association** 2012a Capital and Asset Pathfinders: Wave 2 summary report, London: Local Government Association.
- Local Government Association** 2012b Climate Local: local economic growth, London: Local Government Association.
- Local Government Association** 2013a Driving growth through local government investment in the arts, London: Local Government Association.
- Local Government Association** 2013b Higher education institutions and local government: collaborating for growth, London: Local Government Association.
- Local Government Association** 2011 Local growth: the future of economic development, London: Local Government Association.
- Local Government Association** 2012c Local leadership, local growth, London: Local Government Association.
- Local Government Association** 2013c Local Public Service Transformation: A Guide to Whole Place Community Budgets, London: LGA.
- Local Government Association** 2013d Rewiring public services: economic growth, London: Local Government Association.
- Loftman, P. and Nevin, B.** 1995 'Prestige Projects and Urban Regeneration in the 1980s and 1990s: a review of benefits and limitations', *Planning Practice and Research* 10(3-4): p.299-316.
- Lord Wei of Shoreditch** 2012 A report on Growing East: A strategy for Greater Manchester's engagement with China, Manchester: New Economy.
- Lynch, R.G., Fishgold, G. and Blackwood, D.L.** 1996 'The Effectiveness of Firm-Specific State Tax Incentives in Promoting Economic Development: Evidence from New York State's Industrial Development Agencies', *Economic Development Quarterly* 10(1): p.57-68.
- McCann, E.J.** 2002 'The cultural politics of local economic development: meaning-making, place-making, and the urban policy process', *Geoforum* 33(3): p.385-398.
- McGrath, J.M. and Vickroy, R.** 2003 'A Research Approach for Tracking Local Economic Conditions in Small-Town America', *Economic Development Quarterly* 17(3): p.255-263.
- Morgan, J.Q.** 2010 'Governance, Policy Innovation, and Local Economic Development in North Carolina', *Policy Studies Journal* 38(4): p.679-702.
- Mountford, D.** 2009 Organising for local development: the role of local development agencies - summary report, Paris: OECD.
- Mullin, J., Kotval-K, Z. and Cooper, J.** 2012 'The university and local economic development', *Transylvanian Review of Administrative Sciences* 38: p.126-136.
- National Federation of ALMOs** 2012 Let's get building: the case for local authority investment in rented homes to help drive economic growth, York: NFA.
- New Economy** 2011 Local Development Orders (LDOs) and Simplified Planning Zones (SPZs) - Briefing 14, Manchester: New Economy.
- North, D., Syrett, S. and Etherington, D.** 2007 Interventions to tackle the economic needs of deprived areas, York: Joseph Rowntree Foundation.
- North West Evergreen Fund** 2014 'North West Evergreen Fund', Available at: <http://www.northwestevergreenfund.co.uk/> [Accessed February 4, 2014].
- OECD** 2009 Coping with the crisis at local level: policy lessons from the OECD Programme on Local Economic and Employment Development (LEED), Paris: OECD.
- OECD** 2012 Enabling local green growth: addressing climate change effects on employment and local development, Paris: OECD.
- OECD** 2008 Local economic strategy series: review of Belfast, United Kingdom, Paris: OECD.
- Office for National Statistics** 2013 Labour Market Statistics, December 2013, London: ONS.
- Phillipson, J. and Turner, R.** 2013 Rural areas as engines of economic growth, Newcastle upon Tyne: Centre for Rural Economy.

- Pike, A.** 2004 'Heterodoxy and the governance of economic development', *Environment and Planning A* 36(12): p.2141-2161.
- Porter, M.E.** 2000 'Location, Competition, and Economic Development: Local Clusters in a Global Economy', *Economic Development Quarterly* 14(1): p.15-34.
- Portsmouth City Council** 2012 'Portsmouth Small Business Loan', Available at: <http://www.portsmouth.gov.uk/business/14943.html> [Accessed March 15, 2014].
- PricewaterhouseCoopers** 2013 *Good growth for cities*, London: PwC.
- Raco, M.** 2000 'Assessing community participation in local economic development – lessons for the new urban policy', *Political Geography* 19(5): p.573-599.
- Reese, L.** 2006 'Do We Really Need Another Typology? Clusters of Local Economic Development Strategies', *Economic Development Quarterly* 20(4): p.368-376.
- Reese, L. a. and Rosenfeld, R. a.** 2001 'Yes, But...: Questioning the Conventional Wisdom about Economic Development', *Economic Development Quarterly* 15(4): p.299-312.
- Reese, L. and Ye, M.** 2011 'Policy Versus Place Luck: Achieving Local Economic Prosperity', *Economic Development Quarterly* 25(3): p.221-236.
- Roseland, M.** 2000 'Sustainable community development: integrating environmental, economic, and social objectives', *Progress in Planning* 54(2): p.73-132.
- Sadiq, K., Shapira, P. and Roy, A.** 2011 *Stimulating Business Innovation: Making Manchester a leader in enterprise innovation support*, Manchester: New Economy.
- Schragger, R.** 2009 'Mobile capital, local economic regulation, and the democratic city', *Harvard Law Review* 123: p.482-540.
- Schragger, R.** 2010 'Rethinking the Theory and Practice of Local Economic Development', *The University of Chicago Law Review* 77(1): p.311-339.
- Scottish Executive** 2003 *Transferability of Best Practice in Transport Policy Delivery - Final Report*, Edinburgh: The Stationery Office.
- Sharp, J.S., Agnitsch, K., Ryan, V. and Flora, J.** 2002 'Social infrastructure and community economic development strategies: the case of self-development and industrial recruitment in rural Iowa', *Journal of Rural Studies* 18(4): p.405-417.
- Stansel, D.** 2005 'Local decentralization and local economic growth: A cross-sectional examination of US metropolitan areas', *Journal of Urban Economics* 57(1): p.55-72.
- Stich, B. and Miller, C.R.** 2011 'Economic Development Perspectives and the Policy Process: The Case of Railroad Revitalization Versus Rails-to-Trails', *Administration & Society* 44(4): p.438-457.
- Swinburn, G., Goga, S. and Murphy, F.** 2006 *Local economic development: a primer*, Washington, DC: World Bank.
- Swinney, P. and Carter, A.** 2012 *Hidden Potential: Fulfilling the economic potential of mid-sized cities*, London: Centre for Cities.
- The Berkeley Group** 2011 *Working Together. Delivering Growth Through Localism.*, Cobham: The Berkeley Group.
- The Smith Institute** 2013 *Apprenticeships - how local government is making a difference*, London: The Smith Institute.
- The Work Foundation** 2009 *Recession and Recovery: The Role of Local Economic Leaders*, London: The Work Foundation.
- Travers, T.** 2012 *Local government's role in promoting economic growth: removing unnecessary barriers to success*, London: Local Government Association.
- Tunstall, R.** 2009 *Communities in recession: the impact on deprived neighbourhoods*, York: Joseph Rowntree Foundation.
- Urwin, C.** 2006 *Urban myth: why cities don't compete*, London: Centre for Cities.
- Vaitilingam, R.** 2011 *Recovery Britain: research evidence to underpin a productive, fair and sustainable return to growth*, Swindon: Economic and Social Research Council.
- Wadhams, C.** 1993 'Housing and Local Economic Development - An Agenda for Low Income Urban Neighbourhoods?', *Community Development Journal* 28(4): p.321-333.
- Wales, P.** 2014 *ONS Economic Review, March 2014*, London: Office for National Statistics.
- Wales, P. and Bentaleb, M.** 2013 *ONS Economic Review, December 2013*, London: Office for National Statistics.
- Ward, M. and Hardy, S.** 2013 *Where next for Local Enterprise Partnerships?*, London: The Smith Institute.

Weber, R. 2000 'Why Local Economic Development Incentives Don't Create Jobs: The Role of Corporate Governance', *Urban Lawyer* 1: p.97-119.

What Works Centre for Local Economic Growth 2014
Evidence Review Employment Training.

Wilcox, Z. and Larkin, K. 2011 *A Taxing Journey: progress and challenges on implementing Tax Increment Financing*, London: Centre for Cities.

Wolfson, J. and Frisken, F. 2000 'Local Response to the Global Challenge: Comparing Local Economic Development Policies in a Regional Context', *Journal of Urban Affairs* 22(4): p.361-384.

Wolman, H. and Spitzley, D. 1996 'The Politics of Local Economic Development', *Economic Development Quarterly* 10(2): p.115-150.

Wong, C. 2002 'Developing Indicators to Inform Local Economic Development in England', *Urban Studies* 39(10): p.1833-1863.

Wong, C. 2001 'The Relationship Between Quality of Life and Local Economic Development: An Empirical Study of Local Authority Areas in England', *Cities* 18(1): p.25-32.